

Reflections on Prices, Profitability and Economic Factors

Edward Gallagher

President, DFA Risk Management

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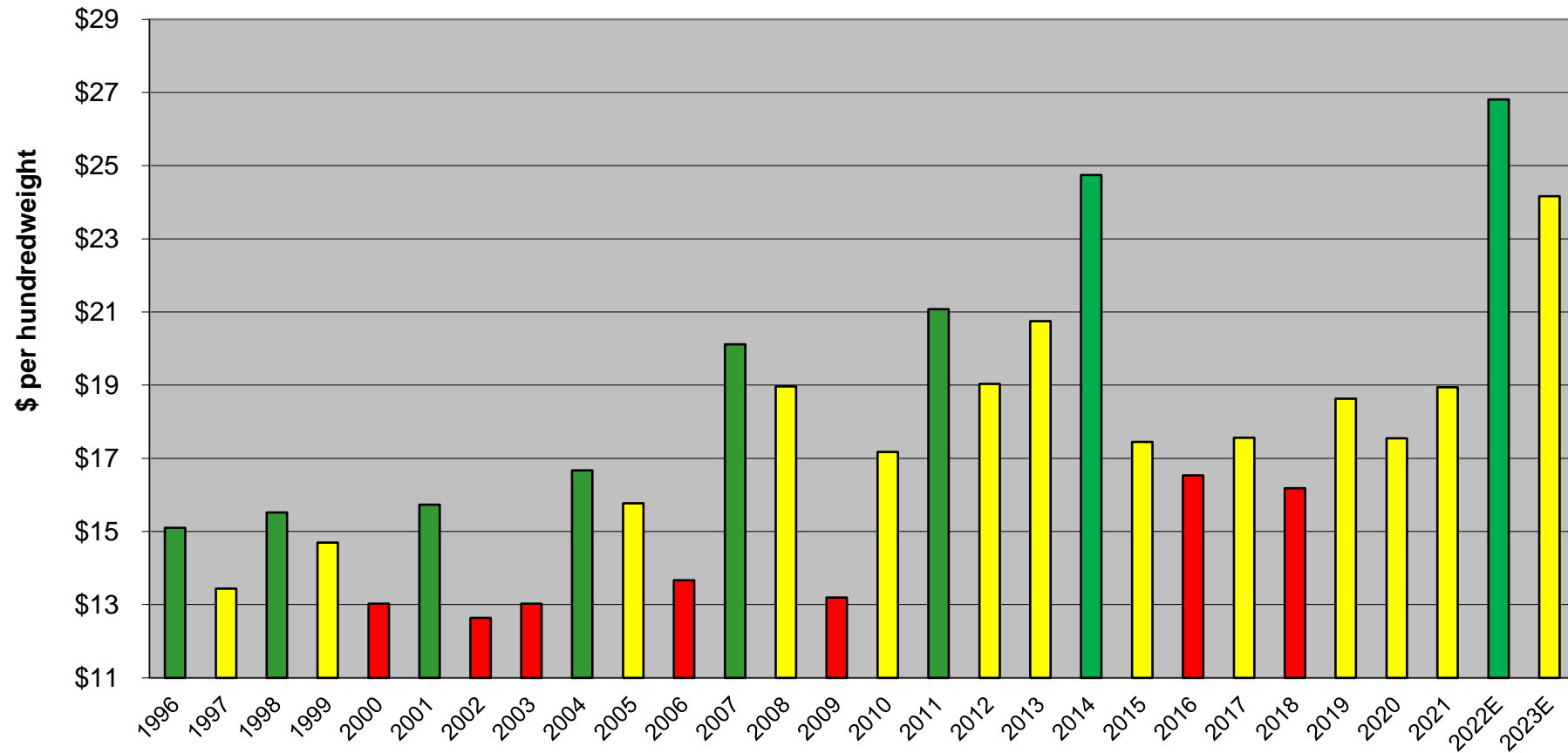
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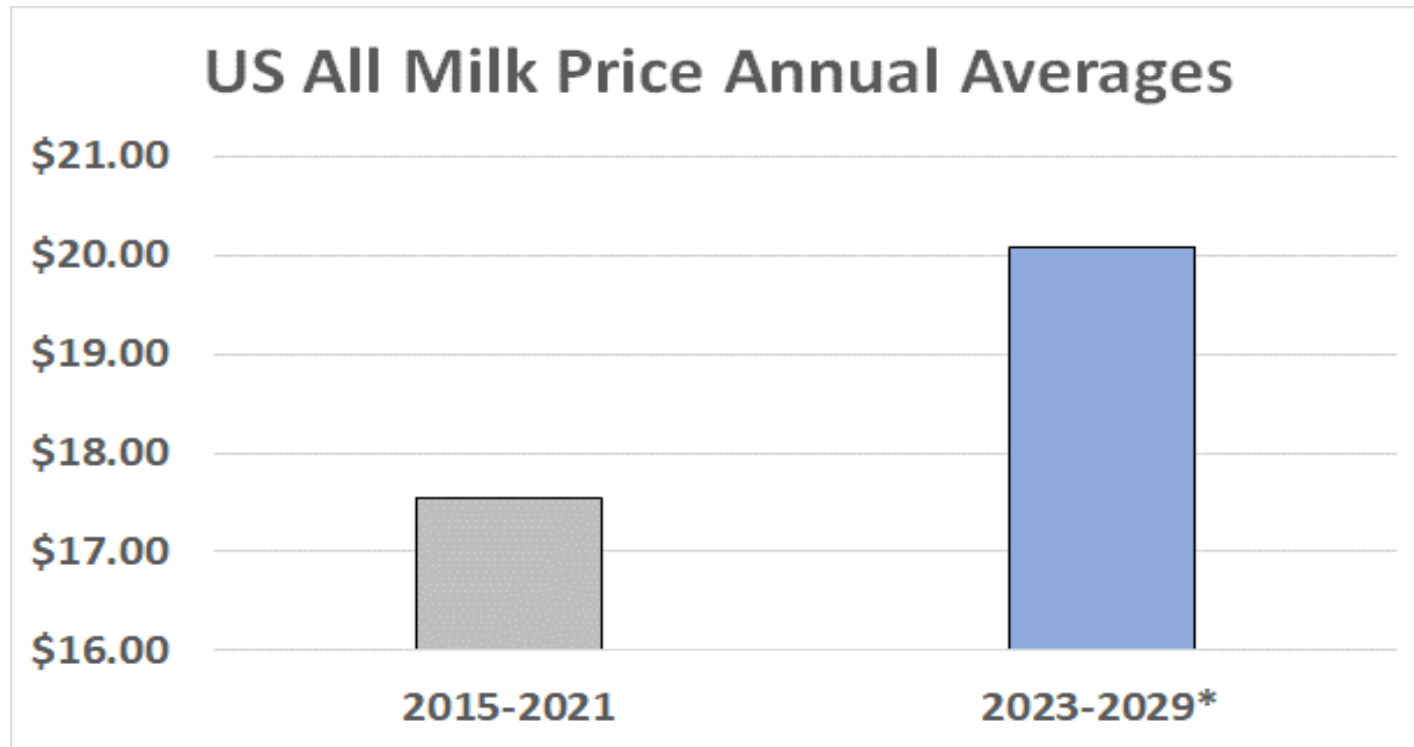
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Estimated CNY/NPA/NVT Annual Average Gross Milk Price 1996-2023



Estimates use CME Group futures prices on October 5, 2022

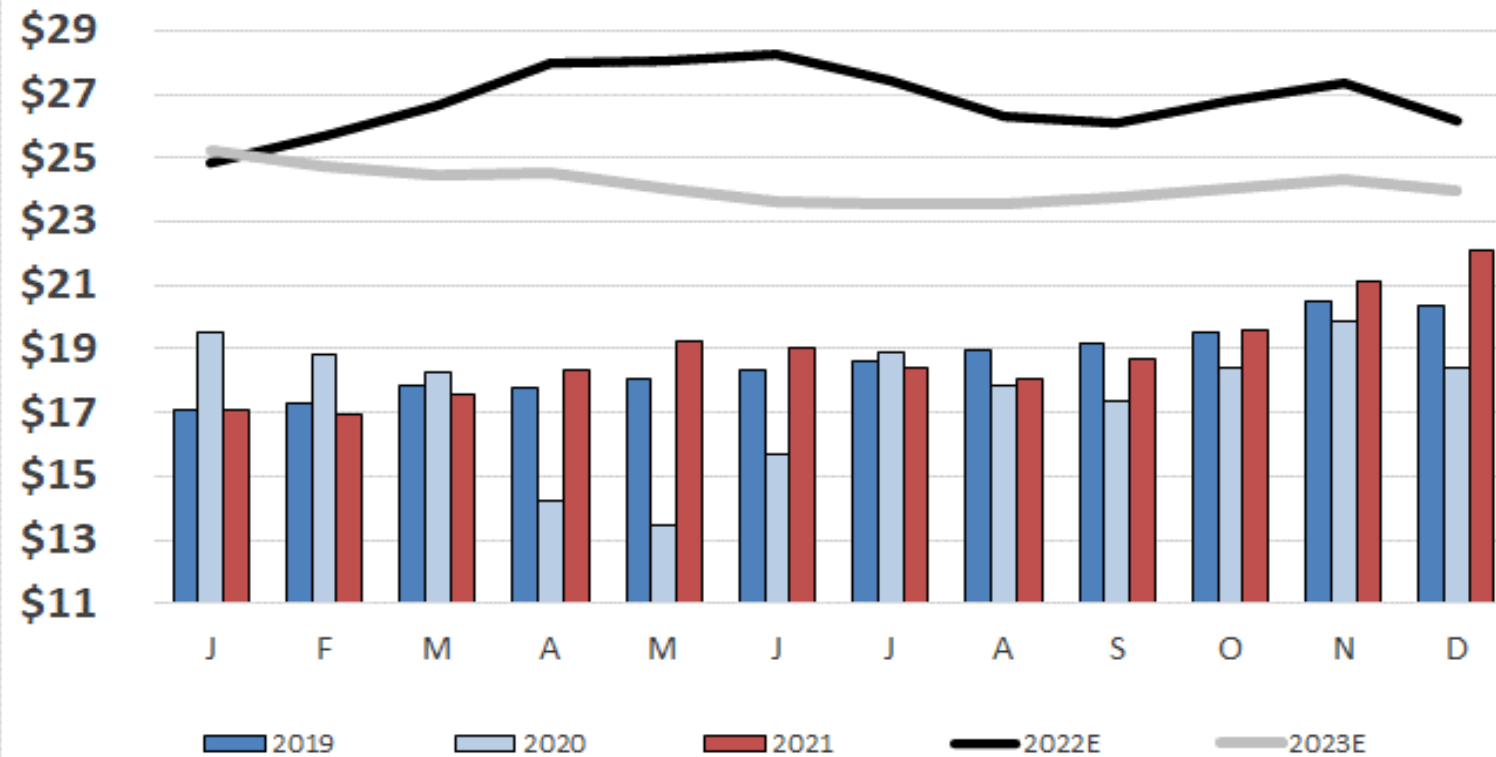
Thoughts on new supply and demand equilibrium...



* Projected by Dr. Scott Brown, University of Missouri, College of Agriculture, Food and Natural Resources, summer 2022

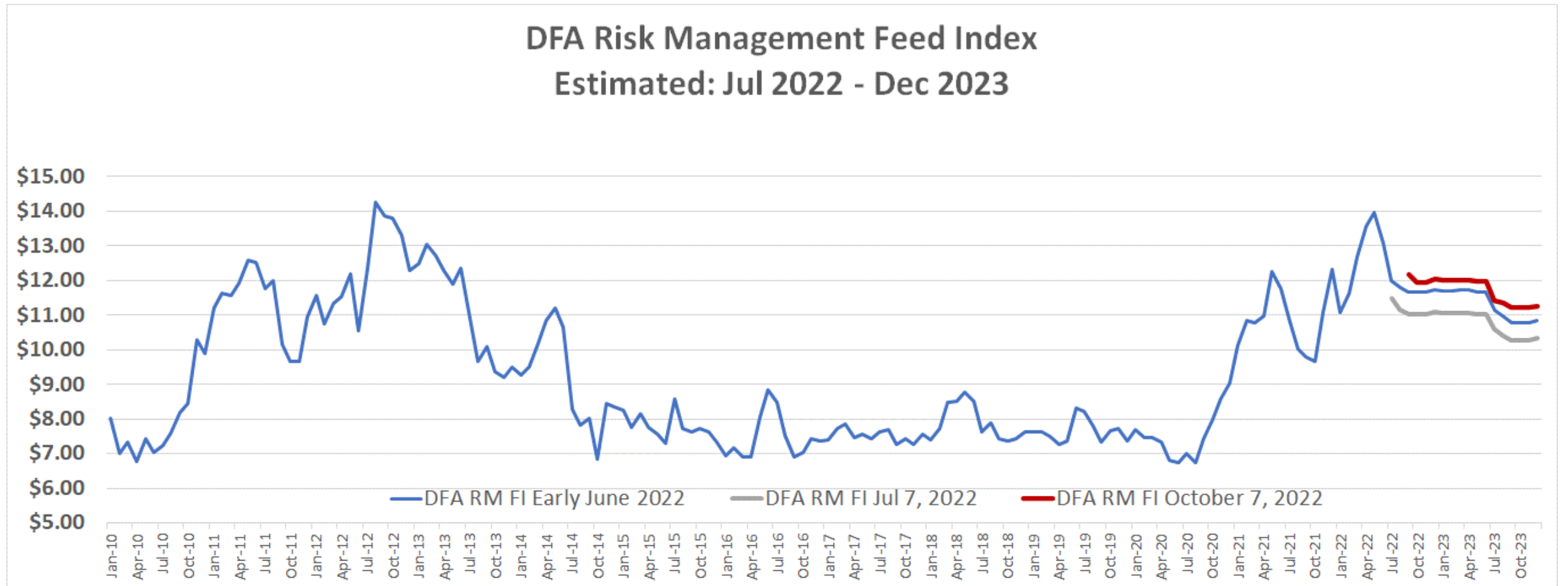
Actual and Estimated Tier 1 Gross Milk Prices

CNY, NVT, NPA, at average test for the month

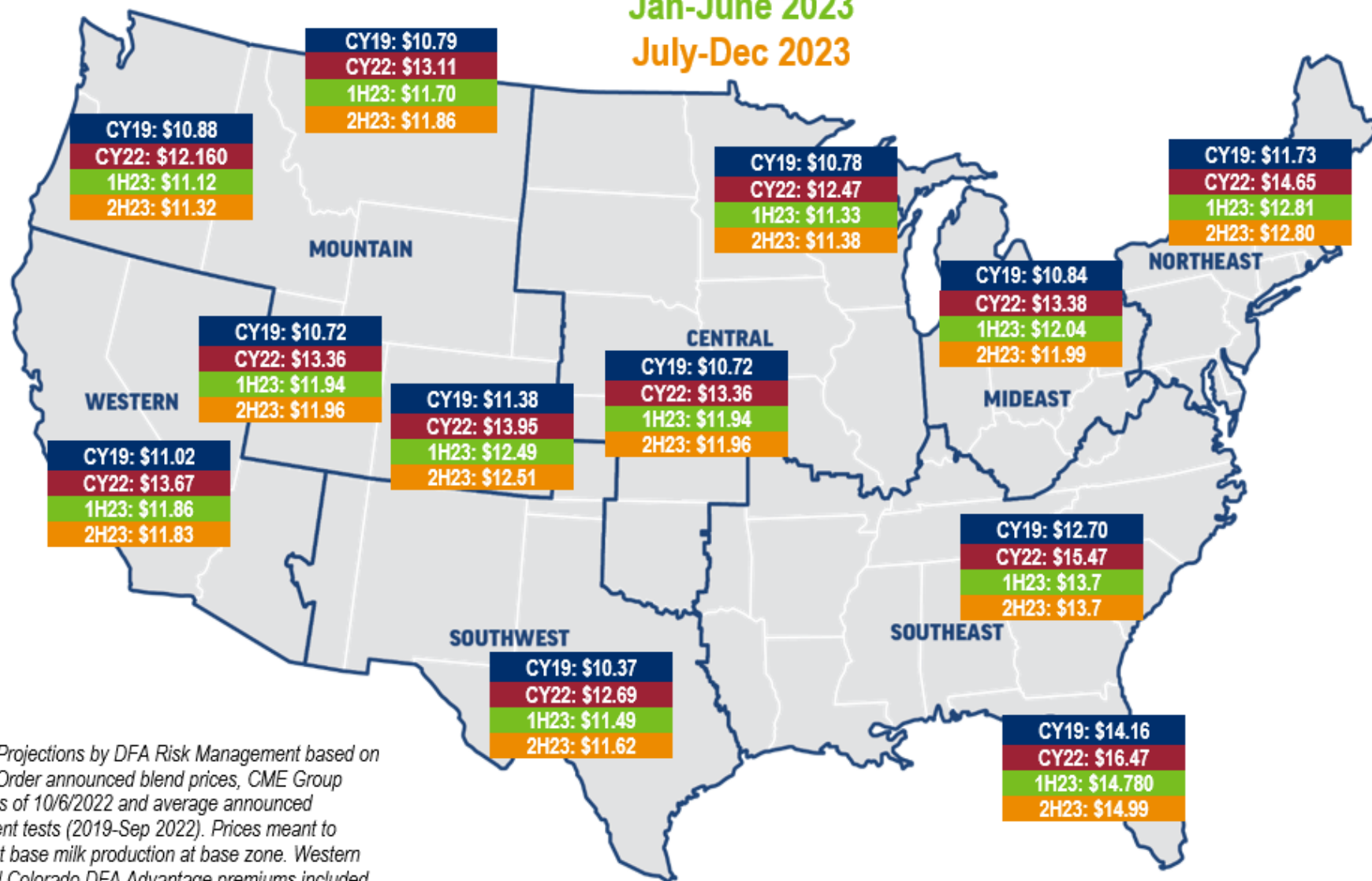


Estimated by Gallagher using October 5, 2022 CME Group futures prices

Feed prices remain elevated, but have moderated a bit



**Estimated gross milk price minus
DFA Risk Management feed idex**
Calendar Year 2019
Calendar Year 2022
Jan-June 2023
July-Dec 2023



Source: Projections by DFA Risk Management based on Federal Order announced blend prices, CME Group futures as of 10/6/2022 and average announced component tests (2019-Sep 2022). Prices meant to represent base milk production at base zone. Western Area and Colorado DFA Advantage premiums included.

How I look at
the data,
interested in
your feedback

Northeast US Area	\$/cwt
2019 Milk-Feed Margin	\$11.73
2023 Milk-Feed Margin	\$12.80
2023 Margin Improvement	\$1.07
2019 Profit	\$1.00